

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (03/03):**

BUTTER: Grade AA closed at \$12175. The weekly average for Grade AA is \$1.1890 (+.0315).

CHEESE: Barrels closed at \$1.1050 and blocks at \$1.1225. The weekly average for barrels is \$1.1050 (-.0250) and blocks, \$1.1245 (-.0261).

BUTTER: The butter market is unsettled. For most producers and handlers, heavy production and fair at best demand usually indicates that the market is steady to weak with prices unchanged to lower. At the CME, the cash price is increasing on moderate trading. This is curious, because of all the fresh butter available in the commercial market and all of the cream that is entering the churn. Some producers and handlers feel that there will be more activity at the CME after March 1 when only new crop butter (produced after December 1, 2005) can be sold. Churning activity across the country remains strong with cream supplies moving from one area to another looking for plant capacity. In many instances, churns are running near or at capacity already. Butter demand is fair at best. Easter/Passover orders are slowly developing, but not at levels of previous years. With the cash price increasing as it has in recent days, handlers and traders feel that buyers will return to the marketplace for their holiday needs sooner rather than later to beat further price increases. Food service orders are steady at best.

CHEESE: The cheese market remains weak. Cheddar blocks declined further under the CCC purchase price of \$1.1314, but the difference is still considered inadequate to cover the additional expenses incurred with CCC sales. Demand remains sluggish though some early month improvement was noted. With milk and current cheese supplies expected to remain heavy into summer, more buyers are using lighter inventories. Current prices are generating additional promotional activity though there is normally a sizeable time lag from planning to completion. Cheese production remains seasonally active though some plant operators are trying to limit milk receipts. Undergrade offerings are ample and accumulating.

FLUID MILK: The nation's milk supply continues to build seasonally across all regions. The impact of the growth has affected both commodity prices and milk prices. Milk production in the West is moving higher at levels well above a year ago. The additional milk is stressing processors and they have to move milk to other regions and be more strategic in handling the milk. Processors are noting that daily receipts in California have surpassed 2005 peak levels. Milk intakes continue to move higher. Arizona and New Mexico production is higher than last year. New Mexico comparisons are higher because of poor conditions in 2005 and increased cow numbers in 2006. Production in the Northwest and Mountain States is fluctuating, depending on weather conditions, but generally moving higher. Midwestern milk supplies are heavier than last year. Milk is moving into the region at reduced prices to find processing capacity. Steady output gains are being reported in the Eastern states. Plants are running on extended schedules as milk supplies are excessive.

DRY PRODUCTS: Nonfat dry milk prices moved lower and reflect changes in basing indexes and the lowering of energy surcharges. The indexes are showing sales made at lower prices to clear building inventories. Lower natural gas prices in recent months have allowed for easing of the energy surcharges. Demand for NDM is light as buyers are wary of owning inventories in the unsettledness of current market conditions. Exporting to Mexico has slowed due to decreased needs and tariff restrictions. Drying has been active to handle increasing milk supplies. Dry buttermilk prices declined as buying has slowed. Buyers are not aggressive. Production has been more active than projections and offerings are available. Dry whey prices are steady to lower and the tone is weaker. More offerings are available from producers and buyers are cautious and willing to wait. WPC prices moved lower and the market is weaker. Offerings are available and being discounted to move. Demand has slowed as buyers explore options and are willing to wait for better prices. Lactose prices are steady and the market tone is firm. Demand is good with contracts clearing most product.

CCC: During the week of February 27 - March 3, there was no dairy price support activity.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):

The following are the February 2006 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$12.62 (-\$.63), Class III \$12.20 (-\$.19), and Class IV \$11.10 (-\$.10). Product price averages used in computing Class prices are: butter \$1.2374, NDM \$0.8833, cheese \$1.2637, and dry whey \$0.3531. The Class II butterfat price is \$1.3539 and the Class III/IV butterfat price is \$1.3469. Further information may be found at:

www.ams.usda.gov/dyfmom/mib/classprcacnmt.pdf

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 2006 was unchanged at 146. Compared with February 2005, the index was up 9 points (6.6%). The index of prices received by farmers for dairy products declined 5 points during the month of February 2006 to 106. Compared with February 2005, the index was down 13 points (10.9%). Prices received by farmers in February with changes from January were: All Milk, \$13.80, down \$.70; Fluid Grade Milk, \$13.80, down \$.70; and Manufacturing Grade Milk, \$12.90, down \$1.10.

CONSUMER PRICE INDEX (BLS): The January 2006 CPI for all food is 194.1, up 2.6% from January 2005. The dairy products index is 183.7, up 0.2% from a year ago. The following are the January to January changes for selected products: fresh whole milk is -0.2%; cheese, -0.7%; and butter, -4.4%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products during calendar year 2005 totals 179.7 billion pounds, 2.2% above 2004. Comparing disappearance levels with year earlier levels: butter is +0.4%; American cheese, -0.2%; other cheese, +3.2%; NDM, -4.1%; and fluid milk products, +0.2%.

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY FEBRUARY 27	TUESDAY FEBRUARY 28	WEDNESDAY MARCH 1	THURSDAY MARCH 2	FRIDAY MARCH 3	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.1050 (N.C.)	\$1.1050 (N.C.)	\$1.1050 (N.C.)	\$1.1050 (N.C.)	\$1.1050 (N.C.)	(N.C.)	\$1.1050 (-.0250)
40# BLOCKS	\$1.1275 (N.C.)	\$1.1250 (-.0025)	\$1.1250 (N.C.)	\$1.1225 (-.0025)	\$1.1225 (N.C.)	(-.0050)	\$1.1245 (-.0261)
BUTTER GRADE AA	\$1.1575 (N.C.)	\$1.1750 (+.0175)	\$1.1800 (+.0050)	\$1.2150 (+.0350)	\$1.2175 (+.0025)	(+.0600)	\$1.1890 (+.0315)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, FEBRUARY 27, 2006

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1200; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$1.1550, 1 @ \$1.1575; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

TUESDAY, FEBRUARY 28, 2006

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1300, 2 @ \$1.1275; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.1250
 BUTTER -- SALES: NONE; BIDS UNFILLED: 3 CARS GRADE AA: 2 @ \$1.1750, 1 @ \$1.1500; OFFERS UNCOVERED: NONE

WEDNESDAY, MARCH 1, 2006

CHEESE -- SALES: NONE; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.1200; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: NONE; BIDS UNFILLED: 4 CARS GRADE AA: 1 @ \$1.1800, 1 @ \$1.1775, 2 @ \$1.1750; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.2500

THURSDAY, MARCH 2, 2006

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.1275, 1 @ \$1.1250, 1 @ \$1.1225; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.2050; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2150; OFFERS UNCOVERED: 4 CARS GRADE AA: 2 @ \$1.2200, 2 @ \$1.2500

FRIDAY, MARCH 3, 2006

CHEESE -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE
 BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$1.2275, 1 @ \$1.2300, 2 @ \$1.2250, 1 @ \$1.2175; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.8900 and Grade A at \$0.8875. (The last price change for Extra Grade was January 24 and Grade A occurred February 1.) The weekly average for Extra Grade is \$0.8900 (N.C.) and Grade A is \$0.8875 (N.C.).

BUTTER MARKETS**NORTHEAST**

Butter markets remain weak, but the price at the CME (through 2/27) has been steady for six consecutive sessions. Some contacts feel that there will be more activity at the CME after March 1 when only "new crop" (produced after December 1, 2005) butter can be sold. Cream volumes are more than ample to cover Class II & III needs and the volumes clearing to local and Midwestern churns remain quite heavy. Most contacts agree that butter inventories are heavier than desired and most see continued heavy churning activity through the first half of the year. Demand is lackluster and generally for replacement needs. More bulk is being stored as production is outpacing demand. Foodservice orders are steady, at best and retail sales are slow unless featured. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The CME cash butter price has increased 2 1/4 cents in the two most recent trading sessions to settle at \$1.1800 at mid week. This firmer trend has many within the butter industry questioning why this is occurring. Most producers and handler state that cream offerings remain readily available from local and out of area sources. Butter production is generally surpassing demand, thus inventories continue to increase. Butter demand is starting to increase, especially retail orders, as buyers prepare for the upcoming Easter/Passover holiday period. A firm trend in the cash market is also being cited as a reason for increased buyer interest. It appears that the cash butter price was low enough to encourage heavier buying interest and potential retail feature activity. Some buyers state that their customers are preparing for features during the upcoming holiday period which should clear significant volumes of print butter. Producers and handlers state that butter stocks

should be readily available for the increased buyer interest. Suppliers also caution buyers to be prudent in placing their orders and not wait till the last minute when needed packaging or package sizes may not be available. Food service orders are seasonally steady and are increasing slightly as continued mild weather conditions encourage away from home eating patterns. Bulk butter for spot sale is being reported in the flat - 2 cents per pound over various pricing basis.

WEST

Cash butter prices at the CME market had been holding steady or declining since February 10. This week, prices have increased 2 1/4 cents to stand at \$1.18. The market was increased on bids, which normally means that a buyer might be looking for some additional butter supplies. That is curious, because of all the fresh butter available in the commercial market and all the cream that is entering the churns. Some are wondering if it was a price positioning move. Only very minimal sales activity is noted related to the upcoming Easter holiday period. One supplier indicates that some of his regular buyers are still working off stocks acquired for the year end holidays. Very few features of any kind are noted. Industry watchers are expecting that there may be some lower priced sales due to the low base butter price. Last week, 10.1 million pounds of butter entered the CME warehouse program. The total now stands at 92.6 million pounds. Last year, for the same week the total was 59.6 million pounds and figure for 2004 was 96.4 million pounds. Stocks have grown by 39.8 million pounds over the last four weeks this year compared to 21.2 million pounds last year. This four week total for 2006 is the largest ever recorded for that period of time. Prices for bulk butter range from 2 cents under to 5 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
FEBRUARY 25	1.2166	1.1967	0.8531	1.2040	0.3503
	8,733,099	10,525,576	18,700,054	3,405,474	10,810,877

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are generally slower and last week's CME cash cheese averages were the lowest since mid-2003. The market tone is weak. Demand is slow to fair, at best. Retail sales are slow. Many contacts comment that retail prices have not declined anywhere near those seen at the CME since the first of the year. Cheese production in the Northeast is quite heavy as surplus milk volumes remain heavy. Mozzarella sales are about steady. Cheddar sales are slow to fair and most of the current cheddar output is being put into aging programs. This is typical for New York and Vermont cheddar, which typically supplies quite a bit of top-quality aged cheddar. Retail and food service sales are about steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2325-1.7525
Cheddar Single Daisies	:	1.1900-1.6750
Cheddar 40# Block	:	1.2900-1.5625
Process 5# Loaf	:	1.3400-1.5800
Process 5# Sliced	:	1.3600-1.5875
Muenster	:	1.3050-1.5050
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market remains weak. The CME cash cheddar block price fell below the support price of \$1.1314 per pound on February 24, but not far enough to clear product to CCC. Barrels barely remain above the CCC purchase price of \$1.1014 per pound. Cheese demand is steady to occasionally improved. Best interest continues to center on natural varieties, particularly shreds and slices, over chunks. More retailers continue to promote shreds and occasionally natural slices over chunks. Cheese offerings remain seasonally heavy though some occasional tightness is noted on fresh mozzarella supplies. Some hard Italian varieties and cheddar volumes continue to enter aging programs. Spot bulk cheese interest remains mostly fair at best. Process interest is slow to fair. Sellers with undergrades to clear are finding demand sluggish without large discounts. With milk and cheese supplies expected to remain heavy well into the year, many buyers and packagers are trying to keep lighter working inventories. Cheese production continues seasonally heavy. More plant operators are reluctant to add new producers due to plant capacity concerns at peak spring milk intakes.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3900-1.7900
Brick And/Or Muenster 5#	:	1.6950-1.8200
Cheddar 40# Block	:	1.4975-2.2650
Monterey Jack 10#	:	1.7375-2.2650
Blue 5#	:	2.0000-2.5000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.3250-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8900

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

02/27/06	29,946	:	131,982
02/01/06	23,237	:	128,637
CHANGE	6,709	:	3,345
% CHANGE	29	:	3

WEST

Block cheese prices at the cash CME market closed below the support price for the first time since mid-2003. At midweek the price stands at \$1.1250. Contacts are not of one mind on the question of if cheese will be offered to the CCC price support program in the near future. Cases can be made for both alternatives. Some buyers are struggling to find enough number one cheese. There is plenty of numbers two and three and under grade. The under grade cheese problem is getting worse. It is not finding the buyer interest noted early last month. Stocks are building and quality is deteriorating. Cheese production is generally heavy because of all of the available milk. Some operations are pushing more milk towards butter/powder production if plant capacity is available. Mozzarella sales are fair at best. Swiss sales are seasonally good. A number of Western buyers are not looking to replenish their own aging programs. Instead, they are relying on producers to hold the cheese for aging and buy it when they need it.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2825-1.5400
Cheddar 40# Block	:	1.2675-1.6200
Cheddar 10# Cuts	:	1.4475-1.6675
Monterey Jack 10#	:	1.4575-1.6175
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are unchanged on imported styles; sharply lower on domestic types. The market tone is weak. Demand is slowing along seasonal patterns. If typical patterns are followed, as the price of cheese at the CME declines, imports often slow. With last week's CME 40# block average the lowest since mid-2003, imports (particularly cheeses used in further processing) are often slower than expected. Supplies of imported cheese are more than adequate for the slow to fair demand.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6300	: 1.5450-3.0350*
Gorgonzola	: 3.6900-5.9400	: 2.0550-2.4900*
Parmesan (Italy)	: TFEWR	: 2.9600-3.0650*
Romano (Italy)	: 2.1000-3.1900	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.5450-1.7825*
Romano (Cows Milk)	: -0-	: 2.7425-4.8850*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	96	0	96	0	130
SOUTHEAST STATES	0	0	0	0	0	0

Milk production continues to increase steadily in most of the Southeastern states. Some contacts in that region feel that they are experiencing an early flush, but some feel that this "early flush" will turn into a long flush rather than see milk increase and then ease lower in a matter of weeks. In the Northeast, the milk output is holding mostly steady with some increases noted. Fluid milk supplies remain excessive in all parts of the East. Bottled milk sales are steady and often slower than expected. Retail and school lunch programs have not recently been affected by inclement weather, which has kept orders and sales relatively steady. Contacts in Florida report that shipments out of state are steady and that some of the winter residents are headed back north. The largest exodus of winter residents usually occurs at the end of March or the first of April. Surplus milk volumes are heavy and manufacturing facilities are operating on extended schedules to process all the milk. This is particularly evident in the Southeast. Northeast plants are operating at heavier than expected levels. The condensed skim market remains weak as offerings are heavy. Prices are often lower for March sales/purchases, but condensed skim continues to compete with NDM that is now often selling in the 80's. The fluid cream market is still weak, but contacts report slight increases in spot demand. This week, multiples are a little higher and spot prices have increased. The lower priced cream is generating some Class II spot interest as ice cream makers take advantage of the low-cost butterfat. However, it was reported that a large producer is slowing spot cream purchases due to "inventory considerations." Cream cheese production is also picking up as one operation gets back on line after some maintenance. Churning activity remains heavy, but some cream suppliers have noted that less cream is clearing to Class IV (butter) channels.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.3543-1.4816
DELIVERED EQUIVALENT ATLANTA	-	1.3659-1.5048 M 1.4006-1.4585
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2964-1.4700

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9800-1.0900
NORTHEAST- CLASS III - SPOT PRICES	- .9600-1.1000

M I D W E S T

Class I demand is steady to occasionally improved in March when Class I prices are lower. Interest is also better from some Class II accounts in March. Overall milk supplies remain much heavier than a year ago. Manufacturing milk interest remains very light with far more plant operators interested in selling milk than buying. Buyers are also demanding lower premiums on some of their contracted milk volumes. Reported spot milk prices, on a light test, range from around -\$1.00 to about +\$0.50 over class. Regardless, February is expected to be another "red ink" month for most if not all cheese plants due to high cost milk compared to returns from finished product sales. Cheese inventories are also growing at many locations. Ice cream production is steady to occasionally higher where producers are trying to build inventory at current low cream multiples and ample supplies. Cream supplies for churning are steady to slightly lower. Cream multiples are steady to occasionally higher, depending on use. Condensed skim interest is generally light despite lower prices in March. Warm seasonal temperatures in the mid and southern sections may be aiding ice cream demand but doing little to affect milk production in the short term. Temperatures around 80 degrees in Kansas City on March 1 are well above normal. Fat and protein tests are drifting lower with milk volumes steady to higher.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	FEB 24 - MAR 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 50.00- 55.00	\$ 50.00- 56.00
REPLACEMENT HEIFER CALVES	\$400.00-750.00	\$200.00-600.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	FEB 24 - MAR 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 53.00- 58.50	\$ 52.00- 61.00

W E S T

As reported last week, U.S. milk production (revised) in 2005 totals 177.0 billion pounds, up 3.5% from 2004. Average cow numbers increased 29,000 head (0.3%) from last year. Production per cow was 19,576 pounds in 2005, up 609 pounds (3.2%) from 2004. Output for selected Western states compared to last year is as follows: Arizona +2.6%, California +3.0%, Colorado +7.5%, Idaho +11.7%, New Mexico +3.2%, Oregon +0.6%, Utah +3.2%, and Washington +3.5%. The February 4a price (butter/powder) in CALIFORNIA is \$10.58, \$1.16 lower than January and \$1.88 less than last year. The February 4b price (cheese) is \$11.14, down \$1.42 from January and \$2.79 lower than last year. January 2006 POOL RECEIPTS of milk in CALIFORNIA total 3.08 billion pounds, 5.1% higher than last year. The January blend price, at a fat test of 3.77%, is \$13.13, 52 cents lower than December and \$1.73 less than January 2005. The percentage of receipts used in Class 1 products is 15.59%. The January quota price is \$13.91 and the over quota price is \$12.21. These prices are 50 cents lower than December and \$1.59 lower than a year earlier. Solid gains continue to be made in milk receipts at plants across the state. The impact is beginning to stress processors, especially when their customers reduce orders or take down days. The general sense of milk production is that levels are 4-5% higher than last year's levels. Several processors are commenting that current daily intakes are higher than during the peak days in 2005. Weather conditions have been good to ideal for milk cows and they are responding. Top quality hay supplies are tight and could limit milk growth ahead, but dairy producers are looking at balancing rations with the available, lower quality hay. The other big concern is that of lower commodity prices for butter and cheese and how they will translate into lower milk prices as future formula pricing is impacted. ARIZONA milk production is steady to slightly higher at levels above last year. Weather conditions have been dry and temperatures have been good for milk cows. Milk production is strong in NEW MEXICO as both cow numbers and production per cow have increased. Last year, output was restricted by poor weather. This year, conditions are nearly ideal. Processors are moving additional milk to plants locally, in nearby states, and into the Midwest, to find processing homes. Bottled milk demand is flat. CREAM supplies remain heavy in the region and prices and multiples remain low. Butter production remains heavy, while sales of other cream based items are slow to begin seasonally. There are reports that cream cheese output is increasing, but ice cream production is light. The CME butter price has increased on bids this week and closed at \$1.1800 on Wednesday, March 1, up 2.75 cents from last week. Multiples are weak at 95 to 118, FOB, and vary depending on class usage and basing point. A normal pattern of rainfall is common over coastal areas of the PACIFIC NORTHWEST. Rains are not heavy and not much impact is noted on the milk flow. Milk output remains mixed, moving either a little higher or lower. Plants seem to believe that they will be able to handle the spring flush in an efficient manner. The east side has dried somewhat and SCC are declining again, but not back to normal winter levels. They are getting some rain again at midweek. Snow conditions are in good shape and should lead to good summer cropping conditions. Hay prices are somewhat mixed in the region, but there is a general firming undertone. Contacts believe that first cutting hay sales will be strong because of a light carry over of stocks. They also think that prices may weaken later as lower milk prices start to have more of an impact on input prices. Conditions are warmer in the dairy areas of UTAH and IDAHO. There has been a rain/snow mix this week depending on temperature and elevation. Feed lots are again quite muddy. Milk output is flat to slightly higher. Hay prices in the region range from flat to up slightly. Heifer prices at the two major sales in the region were weaker last week. The top end varied from \$19-2080 while the mostly was \$1650-1910. Prices have not been this low at these two markets since early in 2005. Some contacts believe that lower milk prices now and for the foreseeable future are causing prices to begin to decline for heifers.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are lower on a weak market. Strong milk production continues to encourage milk intakes into Class IV facilities. Some operations that typically sell condensed skim will likely resume drying NDM sometime soon in response to reduced condensed skim demand and increased supply. NDM stocks are building with some aged stocks from late last year reportedly available to the resale trade. Some plants are willing to abandon pricing programs to clear current stocks. Other plants are reducing prices to remain competitive with supplies being offered from both Central and Western handlers. End-users are generally buying hand-to-mouth and waiting for prices to bottom before making significant purchases. High heat trade is light and mostly contractual.

EAST: Prices continue to decline. The NASS weekly average (the basis for most sales) declined moderately last week and the energy surcharges for March are considerably lower than February. As production holds at near-flush levels and producer stocks grow, more price discounts are being reported as producers try to stimulate interest. Surplus milk volumes are heavier than expected for late February and Early March. Most dryers are running daily. However, some plants in the more northern areas did have their natural gas supply interrupted over the weekend due to the very cold weather and the diverting of gas to home-heating needs. Domestic demand, like other dry dairy products, is lackluster as buyers/users are buying for immediate needs. Export interest is also slow to fair as these markets are becoming more competitive and prices are easing lower. Conversation and speculation continues as to when NDM will move to CCC.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8400 - .9300 MOSTLY: .8400 - .8800
HIGHHEAT: .9200 - 1.0500

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices moved lower this week and reflect declines in both pricing indexes and lower energy surcharges. The market tone continues to be weak and reflects the impact of increased milk production in the region and current demand for NDM declining. Exports to Mexico have slowed as milk output there has increased strongly above expectations and the need to import milk components has declined. This is on top of continued tariff issues centered on milk solids. The fall in cheese prices has impacted the use of condensed skim and NDM in cheese production. Cheese plants are also being offered low priced milk along with their own heavy milk intakes. Other domestic buying has slowed as buyers watch prices move lower. Position taking is not being considered at the current time. High heat prices have moved lower. Demand is light and unaggressive. There are concerns that, with increased dryer needs of producers, drying times for high heat could be limited in the coming months.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8100 - .8950 MOSTLY: .8300 - .8775
HIGHHEAT: .9000 - .9300

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 24	\$.8363	9,495,270	0
February 17	\$.8673	19,205,183	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are lower on a weak market. With strong churn activity, production of condensed buttermilk is increasing. Although some plants are able to move condensed buttermilk supplies to end-users, others are not as successful and as a result, stocks of dry buttermilk are increasing. With no demand, producers are not aggressively offering out stocks. Brokers have been attempting to move buttermilk into export markets for the last few weeks unsuccessfully. How and when stocks will become more adequately balanced is uncertain.

F.O.B. CENTRAL: .7900 - .8825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady and the market tone remains weak. The Northeastern prices are nominal. Production levels are still heavy as churning activity is heavier than many anticipated for this time of year. Producer stocks are growing, but recent, discounted sales have cleared some nice volumes. Demand remains lackluster.

F.O.B. NORTHEAST: .8125 - .8800
DELVD SOUTHEAST: .8525 - .8825

DRY BUTTERMILK - WEST

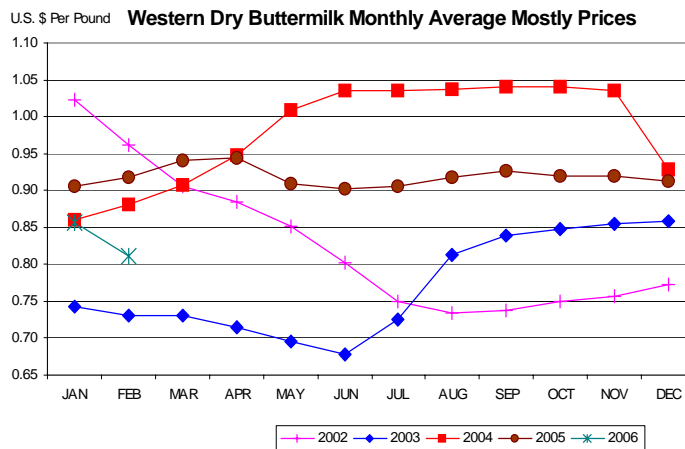
Market prices for buttermilk powder in the West continue to decline and the market tone remains weak. As butter churning remains active, so does the production of dry buttermilk. Offerings are available from most producers in the region and resellers also have stocks. Demand has been slow to develop with buyers pulling only contracts and spot loads for nearby needs. Seasonal accounts are slow to move additional powder. Stocks at the producer level remain heavy.

F.O.B. WEST: .7900 - .8300 MOSTLY: .8000 - .8100

DRY WHOLE MILK - NATIONAL

Prices are unchanged to lower and nominal. The market tone remains steady. Production levels are light and generally geared to meeting existing orders. Demand is steady, but as prices decline, contacts report that inquiries have improved slightly. Plant inventories are balanced.

F.O.B. PRODUCING PLANT: 1.3050 - 1.3200



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged to lower on a steady to weak market. Some multiple load deals are being made at significantly lower prices for current shipment and contractual movement during the next few months. Offers are increasing from both producers and resellers with some buyers becoming increasingly speculative of the market. Energy surcharges and premium prices are lightly reported with most trade reported at or near the average. Feed grade supplies are more readily available than during the month prior for the fair feed demand. Production of Extra Grade whey is steady. Feed grade whey production is higher as some feed facilities run excess condensed whey through their dryers for potential sale to feed markets. Offerings of condensed whey are also noted into WPC/lactose facilities with most plants reporting that they are unable to handle any increase in condensed whey intakes.

F.O.B. CENTRAL: .3000 - .3675 MOSTLY: .3425 - .3525
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3000 - .3400

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly unchanged and nominal in the Northeast. The market tone is often cited as weaker. Most Eastern producers continue to report good contract sales and uncommitted inventories. However, traders/brokers reports slowing sales and difficulty clearing their contracted volumes. In instances, producers are encouraging resellers and users to move their loads as they have limited storage space. Spot demand is slow to fair as buyers wait for better prices. Some producers, who based their energy surcharges on a sliding scale, have reduced their surcharges significantly since their inception. Production levels are moderate to heavy as cheese makers have ample volumes of surplus milk available to them. Traders continue to comment that market activity is limited. In the resale market, prices are very competitive and price discounts are more common.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3550 - .3750
DELVD SOUTHEAST: .3725 - .4100

DRY WHEY - WEST

The range price for Western whey powder is fractionally lower. The mostly series is steady to fractionally lower. Some whey producers are lowering prices slightly to keep powder moving and they are generally succeeding. They know they do not want to build stocks when the market levels are this high. Buyer interest is generally strong enough to keep the market balanced. The situation from foreign competition remains about the same in that they are not price competitive with U.S. whey. Production of dry whey is heavy and increasing.

NONHYGROSCOPIC: .3200 - .3750 MOSTLY: .3350 - .3600

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are lower on a weak market. Offerings of WPC 34% and WPC 80% are increasing. Demand is fair at best as end-users await a market bottom before making any significant purchases. New Zealand high protein products are reportedly being offered into US and foreign markets as a substitute to WPC 34%. Some traders do not foresee the market stabilizing until the NDM market settles. Production is steady to higher on WPC 34% with offerings of condensed WPC noted into feed and custom drying facilities. As a result, increased offerings of Extra Grade and feed grade WPC 34% are noted from non-traditional sources. Stocks are mixed with some plants in good balance whereas others are running long.

F.O.B. EXTRA GRADE 34% PROTEIN: .6950 - .7450 MOSTLY: .7150 - .7350

LACTOSE - CENTRAL AND WEST

Prices remain unchanged on a firm market. Most movement is occurring on a contractual basis. Spot demand is good. However, spot trade is very light with plants generally unable to satisfy interest. Some buyers report that the strong interest in lactose may, in part, be a response to tight sugar markets. Production of lactose is mostly steady. Feed grade supplies are available and trading at prices within and below the range for the good interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .2200 - .2800 MOSTLY: .2300 - .2550

CASEIN - NATIONAL

Casein markets are generally steady at unchanged prices, although an unsettled undertone is developing. Some traders feel that the firmness that appeared to be in the market up to this point is starting to weaken. Currently, stocks are sufficient to meet domestic needs with acid volumes less available than rennet. Some of those who have taken part in the government sellback of powder for the production of casein and caseinate were not surprised at the results of the most recent invitation. Most indicate that the uncertainty of continued offerings is the main factor in their not participating at this time.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

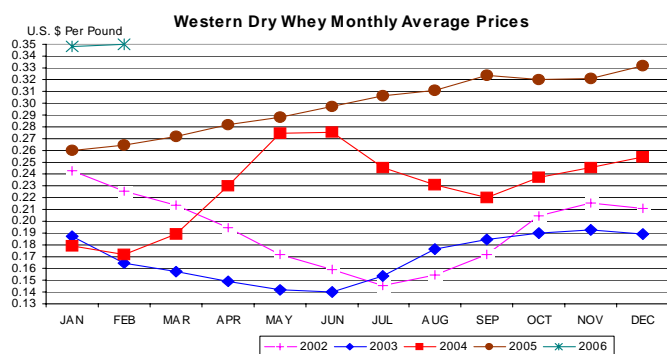
RENNET: 3.1500 - 3.2700
ACID: 3.0800 - 3.2700

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels remain heavy as producers take advantage of the heavy volumes of surplus milk. Retail sales are seasonally slow. On February 23, the Kansas City Commodity office announced the purchase of 734,400 pounds of evaporated milk under EVD2-006 at \$.4317-.6279 per pound.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.



CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	02/15	02/16	02/17	02/20	02/21	02/22	02/23	02/24	02/27	02/28
CME - CLASS III MILK FUTURES (Pit-Traded)										
FEB 06	12.20 (2173) 2	12.17 (2163) 32	12.10 (2133) 8	NO TRADING	12.10 (2140) 40	12.12 (2121) 4	12.12 (2122) 1	12.19 (2148) 34	12.19 (2147) 11	12.19 (2147) 0
MAR 06	11.56 (2738) 80	11.47 (2735) 58	11.12 (2754) 121		10.92 (2732) 54	11.10 (2754) 169	10.98 (2711) 72	11.08 (2760) 115	11.09 (2686) 107	11.15 (2703) 133
APR 06	11.51 (2821) 134	11.40 (2806) 92	11.10 (2830) 149		10.95 (2817) 53	11.10 (2850) 217	10.95 (2858) 138	10.95 (2905) 269	10.93 (2954) 147	10.95 (2982) 99
MAY 06	11.55 (2565) 159	11.40 (2576) 41	11.00 (2615) 140		10.83 (2609) 77	11.00 (2612) 142	10.94 (2658) 128	10.90 (2702) 99	10.95 (2717) 21	10.99 (2727) 36
JUN 06	11.63 (2504) 80	11.50 (2526) 76	11.27 (2566) 164		11.02 (2575) 88	11.00 (2663) 150	10.97 (2686) 124	10.91 (2724) 74	11.00 (2726) 35	11.01 (2732) 59
JUL 06	11.87 (2414) 72	11.75 (2423) 114	11.46 (2456) 220		11.14 (2474) 133	11.20 (2514) 98	11.14 (2544) 131	11.11 (2592) 101	11.20 (2608) 48	11.15 (2632) 57
AUG 06	12.31 (2413) 65	12.16 (2416) 92	11.90 (2462) 199		11.47 (2566) 164	11.60 (2601) 196	11.52 (2663) 148	11.48 (2706) 114	11.54 (2706) 22	11.55 (2716) 73
SEP 06	12.43 (2519) 85	12.31 (2526) 92	11.90 (2574) 245		11.55 (2653) 179	11.60 (2729) 193	11.53 (2764) 152	11.52 (2767) 71	11.60 (2770) 27	11.61 (2802) 77
OCT 06	12.40 (2324) 59	12.25 (2338) 78	11.95 (2369) 210		11.58 (2438) 148	11.57 (2475) 147	11.51 (2526) 92	11.50 (2547) 65	11.64 (2572) 32	11.64 (2589) 70
NOV 06	12.30 (1989) 22	12.21 (1996) 31	11.91 (1995) 127		11.57 (2080) 154	11.60 (2148) 126	11.53 (2181) 86	11.53 (2214) 59	11.65 (2221) 13	11.55 (2265) 71
DEC 06	12.12 (1971) 26	12.03 (1980) 48	11.80 (2030) 108		11.52 (2038) 69	11.55 (2080) 87	11.45 (2126) 80	11.46 (2127) 30	11.55 (2142) 13	11.60 (2171) 37
JAN 07	11.62 (325) 4	11.35 (329) 10	11.30 (332) 22		11.30 (342) 63	11.45 (356) 25	11.45 (366) 25	11.45 (372) 10	11.55 (403) 22	11.62 (409) 7
FEB 07	11.65 (315) 2	11.30 (325) 16	11.25 (317) 31		11.25 (338) 45	11.40 (335) 30	11.40 (339) 8	11.45 (349) 10	11.55 (378) 19	11.62 (396) 22
MAR 07	11.70 (337) 3	11.25 (343) 10	11.25 (344) 22		11.25 (365) 46	11.45 (362) 18	11.45 (357) 17	11.47 (364) 10	11.55 (383) 18	11.57 (393) 14
APR 07	11.80 (205) 6	11.50 (205) 15	11.50 (205) 0		11.50 (224) 46	11.60 (242) 40	11.70 (250) 13	11.70 (261) 11	11.70 (269) 8	11.80 (273) 9
MAY 07	11.98 (181) 0	11.80 (178) 10	11.80 (178) 0		11.79 (208) 53	11.85 (224) 25	11.80 (241) 27	11.78 (241) 7	11.80 (244) 3	11.85 (244) 4
JUN 07	12.10 (189) 0	11.90 (189) 5	11.70 (190) 1		11.64 (222) 47	12.00 (230) 22	12.00 (235) 13	11.99 (235) 0	11.99 (238) 3	11.99 (238) 2
JUL 07	12.50 (149) 0	12.30 (151) 4	12.00 (153) 2		11.94 (159) 19	11.94 (163) 4	12.00 (165) 4	12.00 (161) 0	12.00 (161) 0	12.04 (161) 1
CME - CLASS IV MILK FUTURES (Pit-Traded)										
FEB 06	12.15 (1) 0	12.15 (1) 0	12.11 (1) 0	NO TRADING	12.11 (1) 0	12.11 (1) 0	12.11 (1) 0	11.36 (1) 0	11.36 (1) 0	11.36 (1) 0
MAR 06	11.48 (12) 0	11.46 (12) 0	11.43 (12) 0		11.35 (12) 0	11.33 (12) 0	11.33 (12) 0	11.30 (12) 0	11.30 (12) 0	11.30 (12) 0
APR 06	11.90 (1) 0	11.88 (1) 0	11.85 (1) 0		11.77 (1) 0	11.50 (1) 0	11.40 (1) 0	11.30 (1) 0	11.30 (1) 0	11.30 (1) 0
CME – PRODUCT SETTLED BUTTER FUTURES (Pit-Traded)										
MAR 06	122.00 (156) 7	122.00 (156) 0	122.00 (156) 0	NO TRADING	118.00 (153) 3	119.50 (153) 6	118.50 (152) 1	118.50 (149) 12	118.00 (148) 13	119.00 (148) 2
MAY 06	124.00 (219) 5	124.00 (218) 3	124.00 (220) 2		122.00 (221) 8	122.00 (233) 19	120.00 (233) 0	120.00 (233) 4	120.00 (233) 0	121.50 (237) 4
JUL 06	127.00 (250) 5	126.75 (249) 1	126.00 (249) 0		124.25 (255) 6	125.00 (259) 7	125.00 (259) 2	124.50 (259) 0	123.50 (266) 14	124.50 (271) 5
SEP 06	129.75 (195) 20	129.00 (200) 12	129.00 (200) 0		127.00 (201) 1	128.00 (207) 7	127.00 (208) 1	126.50 (212) 4	126.00 (213) 8	126.75 (213) 0
OCT 06	130.50 (119) 4	130.50 (119) 0	130.50 (119) 0		129.00 (119) 0	129.00 (122) 5	129.00 (122) 0	127.25 (124) 6	127.00 (124) 2	127.00 (124) 0
CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
FEB 06	122.00 (245) 2	122.00 (245) 0	122.00 (245) 0	NO TRADING	121.50 (245) 1	121.50 (237) 10	121.50 (237) 0	123.00 (222) 15	123.00 (222) 0	123.00 (222) 0
MAR 06	121.50 (340) 6	121.50 (340) 0	121.50 (340) 2		119.00 (336) 19	119.00 (342) 6	118.25 (342) 0	118.00 (340) 0	118.00 (340) 0	119.00 (340) 0
APR 06	123.25 (301) 2	123.25 (299) 2	123.50 (299) 4		120.00 (296) 24	120.00 (297) 6	120.00 (303) 7	120.25 (308) 13	120.60 (316) 11	122.25 (322) 8
MAY 06	125.50 (328) 10	124.75 (330) 8	124.75 (330) 2		122.00 (338) 18	120.75 (340) 9	122.50 (341) 1	122.50 (361) 22	122.50 (388) 27	124.00 (394) 8

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.

INTERNATIONAL DAIRY MARKET NEWS

Information gathered February 20 - March 3, 2006

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Milk production trends in Europe continue to build seasonally although overall volumes are trailing last year by about 1%. For some producers, this is not a disappointing position to be in. Producers, especially those that are running over their quota volumes, may not have to reduce their marketing as much by March 31 which is the end of the current milk quota year. For the most part, milk volumes are sufficient to maintain steady inventory growth. International sales remain light and unaggressive with market activity centering around internal or domestic needs. Most products and prices remain steady, although skim milk powder prices and demand have jumped sharply. One of the factors contributing to the sharp turnaround in the skim milk powder market is the strong demand from animal feed buyers. Demand for meat products within Europe is sparking a strong interest for veal and other non poultry meat products. An increased demand for non poultry meat products and dairy items is being triggered by the potentially wider coverage area, including some areas of Europe, of the avian bird flu virus. Another factor contributing to firm skim prices is from those powder buyers that are holding export refunds that will expire by the end of March. Traders are trying to put together sales which will absorb the existing refund or they will face penalties for non compliance. At this point, sales activity for future deliveries, after March 31, remains light, but traders and handlers remain optimistic that sales will pickup after that time. Intervention for butter and skim milk powder is now open. It is felt that butter offerings will be heavy and will probably surpass the 50,000 metric ton ceiling while skim milk powder clearances will be minimal. All of these projections could change quickly if milk production does not develop as projected or international sales, especially for powder, do not resume.

BUTTER/BUTTEROIL: European butter markets remain weak with prices unchanged to lower within the reported range. Stocks of butter continue to increase as milk production increases seasonally. Producers, handlers, and traders are hopeful that international butter sales increase soon before inventories get burdensome. At this point, market activity continues to center around an internal or domestic market. Intervention is now open for European butter offerings. Most within the industry feel that the 50,000 metric ton ceiling will be quickly filled.

82% BUTTERFAT:	1,875 - 2,125
99% BUTTERFAT:	2,300 - 2,550

SKIM MILK POWDER (SMP): Skim milk powder markets are firm with prices higher to sharply higher. A few factors contributing to the firm market situation are: milk quota positions, increased animal feed demand for skim milk powder, and a number of export refunds held that will expire March 31. Traders feel that the firm situation will continue for the month of March, but will probably weaken quickly once April arrives. Skim powder demand remains light and unaggressive for edible volumes but is strong for animal feed buyers. The avian bird flu virus appears to be entering other areas of the world, thus European are concerned about the situation and are reducing their purchases of poultry meat and increasing others, especially veal.

1.25% BUTTERFAT:	2,200 - 2,400
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WHOLE MILK POWDER (WMP): Whole milk powder markets are generally steady at unchanged prices. Milk production is seasonally increasing although trailing last year at this time. Powder production is also on the increase and keeping pace with available milk volumes. Stocks of powder are building and available for immediate and future needs. Producers and handlers remain optimistic that buyer interest, especially internationally, will resume soon.

26% BUTTERFAT:	2,100 - 2,300
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SWEET WHEY POWDER: European whey powder markets remain firm at unchanged prices. Cheese production is seasonally strong as milk volumes increase. Whey demand is also aggressive, even though prices are higher than buyers desire.

NONHYGROSCOPIC:	800 - 900
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EASTERN OVERVIEW: Winter weather conditions and cold temperatures continue to impact milk production growth in Eastern European regions. Some milk producing regions are realizing strong growth in relationship to quota volumes and will need to adjust marketing or face penalties. Some sales activity is being reported from this region, although for the most part they remain equally slow as in Western Europe. Stocks are increasing slowly as the new milk production season develops.

OCEANIA

OCEANIA OVERVIEW: Milk production in Australia and New Zealand continues to decline seasonally. In Australia, hot temperatures in December had a negative impact on milk production on the down side of the year. Output for December was 0.4% lower than December 2004 and continued to cause cumulative production volumes to decline to 0.3% ahead of last year. Earlier on in the year, milk handlers and producers were optimistic that output this year would be around 1% ahead of last season, but it does not appear that this will be the case. Output in Victoria during December was 1% lower than last December, but continues to run 0.5% ahead of last year on a cumulative basis. Although official production figures have not yet been released for January, producers and handlers feel that the heat of December will continue to impact production trends for January and basically the balance of the year. In New Zealand, milk handlers and producers feel that output is gaining some on last year, but still is trailing early season projections. Manufacturing schedules in Oceania continue to edge lower, although most handlers and traders are comfortable with supplies at this time. Some traders and handlers are concerned about having sufficient stock volumes to fully acknowledge commitments as milk production dips in some region more rapidly than in others. Most traders feel that they will have minimal stocks, if any, available at the end of the season for spot or additional buyer interest. Some traders are already looking to the new production season and starting preliminary sales negotiations with potential buyers.

BUTTER: Oceania butter markets and prices are generally steady, although an unsettled undertone is developing. Traders and handlers indicate that stocks are sufficient for commitments, with very minimal uncommitted volumes available for spot needs. Most producers and handlers feel that supplies should be balanced for the remainder of the year, unless milk production takes a sharp decline from current trends. Some Australian producers and handlers indicate that the hot temperatures in December have had a negative impact on milk volumes and that subsequent milk production has been lower

82% BUTTERFAT:	1,825 - 2,000
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CHEDDAR CHEESE: Cheese markets are generally steady, although prices are steady to lower within the reported range. Cheese production remains seasonally active, but trending lower as milk volumes decline. Cheese stocks are sufficient to maintain scheduled shipping timelines. Market activity continues to center around previous and ongoing commitments with no new buyer interest being reported.

39% MAXIMUM MOISTURE:	2,600 - 2,900
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SKIM MILK POWDER (SMP): Skim milk powder markets in Oceania are steady to weak with prices unchanged to slightly lower. Traders indicate that stocks are sufficient at this time to fulfill commitments, although some suppliers continue to secure stocks from outside sources to supplement their volumes. Most sales activity continues to center around regular and ongoing customer needs.

1.25% BUTTERFAT:	2,100 - 2,200
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WHOLE MILK POWDER (WMP): Whole milk powder markets are steady to weak with prices unchanged to slightly lower. Trading activity continues to center around previous commitments. Stocks of powder are in balance for current needs. Traders and handlers remain optimistic that they will have sufficient volumes of powder to carry them through the upcoming winter months before the new production season resumes. Much of this concern is centered around milk production trends which are mixed. In New Zealand, some recovery is occurring from a lighter than anticipated first half of the production season, while in Australia, hot temperatures in December appear to have taken production momentum out of the milk herd as the season winds down.

26% BUTTERFAT:	2,100 - 2,250
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Exchange rates for selected foreign currencies: February 27, 2006

.8769 Canadian Dollar	.0225 Indian Rupee
.3253 Argentina Peso	.6589 New Zealand Dollar
.0955 Mexican Peso	.7373 Australian Dollar
.3146 Polish Zloty	.0086 Japanese Yen
	1.1848 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0955)=
10.4712 Mexican Pesos. Source: "Wall Street Journal"

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 5 :: FEB 01 - 03	::REPORT NUMBER 6 :: FEB 06 - 10	::REPORT NUMBER 7 :: FEB 13 - 17	::REPORT NUMBER 8 :: FEB 20 - 24	::REPORT NUMBER 9 :: FEB 27 - 28	:: 2006 :: or Total	:: 2005 :: Average : Average :: or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.5025 - 1.8400	:: 1.4700 - 1.7900	:: 1.4700 - 1.7900	:: 1.4400 - 1.7900	:: 1.3900 - 1.7900	:: 1.6291	: 1.8605
-- Brick And/Or Muenster 5#	:: 1.8325 - 1.8400	:: 1.7850 - 1.8200	:: 1.7825 - 1.8200	:: 1.7475 - 1.8200	:: 1.6950 - 1.8200	:: 1.7988	: 2.0526
-- Cheddar 40# Block	:: 1.6350 - 2.2650	:: 1.5875 - 2.2650	:: 1.5850 - 2.2650	:: 1.5500 - 2.2650	:: 1.4975 - 2.2650	:: 1.9210	: 2.0589
-- Monterey Jack 10#	:: 1.8750 - 2.2650	:: 1.8200 - 2.2650	:: 1.8200 - 2.2650	:: 1.7900 - 2.2650	:: 1.7375 - 2.2650	:: 2.0393	: 2.1688
-- Blue 5#	:: 2.1350 - 2.5300	:: 2.0900 - 2.5000	:: 2.0875 - 2.5000	:: 2.0525 - 2.5000	:: 2.0000 - 2.5000	:: 2.2919	: 2.5601
-- Mozzarella 5 - 6#	:: 1.4625 - 2.3650	:: 1.4150 - 2.3650	:: 1.4125 - 2.3650	:: 1.3775 - 2.3650	:: 1.3250 - 2.3650	:: 1.8847	: 2.0932
-- Grade A Swiss Cuts 6 - 9#	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.4300 - 2.8900	:: 2.6600	: 2.6500
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.3675 - 1.8875	:: 1.3200 - 1.8400	:: 1.3200 - 1.8400	:: 1.2850 - 1.8050	:: 1.2325 - 1.7525	:: 1.5709	: 1.8689
-- Cheddar Single Daisies	:: 1.3250 - 1.8000	:: 1.2775 - 1.7625	:: 1.2775 - 1.7625	:: 1.2425 - 1.7275	:: 1.1900 - 1.6750	:: 1.5101	: 1.8064
-- Cheddar 40# Block	:: 1.4275 - 1.6975	:: 1.3800 - 1.6500	:: 1.3800 - 1.6500	:: 1.3425 - 1.6150	:: 1.2900 - 1.5625	:: 1.5055	: 1.8152
-- Process 5# Loaf	:: 1.4625 - 1.7025	:: 1.4200 - 1.6600	:: 1.4200 - 1.6600	:: 1.3900 - 1.6300	:: 1.3400 - 1.5800	:: 1.5320	: 1.8180
-- Process 5# Sliced	:: 1.4825 - 1.7100	:: 1.4400 - 1.6675	:: 1.4400 - 1.6675	:: 1.4100 - 1.6375	:: 1.3600 - 1.5875	:: 1.5457	: 1.8455
-- Muenster	:: 1.4400 - 1.6400	:: 1.3925 - 1.5925	:: 1.3925 - 1.5925	:: 1.3575 - 1.5575	:: 1.3050 - 1.5050	:: 1.4834	: 1.8852
-- Grade A Swiss Cuts 10 - 14#	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.5500	: 2.5500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.4050 - 1.6625	:: 1.3625 - 1.6200	:: 1.3625 - 1.6200	:: 1.3325 - 1.5900	:: 1.2825 - 1.5400	:: 1.4832	: 1.7880
-- Cheddar 40# Block	:: 1.4050 - 1.7050	:: 1.3575 - 1.6575	:: 1.3575 - 1.6575	:: 1.3200 - 1.6725	:: 1.2675 - 1.6200	:: 1.5059	: 1.8427
-- Cheddar 10# Cuts	:: 1.5850 - 1.8050	:: 1.5375 - 1.7575	:: 1.5375 - 1.7575	:: 1.5000 - 1.7200	:: 1.4475 - 1.6675	:: 1.6376	: 1.9564
-- Monterey Jack 10#	:: 1.5950 - 1.7550	:: 1.5475 - 1.7075	:: 1.5475 - 1.7075	:: 1.5100 - 1.6700	:: 1.4575 - 1.6175	:: 1.6176	: 1.9364
-- Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.4750	: 2.4750
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.4427 - 1.6263	:: 1.3636 - 1.5512	:: 1.2874 - 1.4574	:: 1.2476 - 1.4124	:: 1.3543 - 1.4816	:: 1.4162	: 1.9547
-- Atlanta - dlvd. equiv.	:: 1.4951 - 1.6918	:: 1.3761 - 1.5763	:: 1.3238 - 1.5181	:: 1.2829 - 1.4712	:: 1.3659 - 1.5048	:: 1.4550	: 1.9759
-- Upper Midwest - f.o.b	:: 1.3750 - 1.6394	:: 1.3420 - 1.5012	:: 1.2870 - 1.5181	:: 1.2733 - 1.4949	:: 1.2964 - 1.4700	:: 1.4182	: 2.0153
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 1.0200 - 1.0900	:: 0.9800 - 1.0900	:: 1.0529	: 0.9913
-- Class III	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 1.0500 - 1.1200	:: 0.9600 - 1.1000	:: 1.0792	: 1.1511
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	:: 24.7500	: 26.0000

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2006 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 5 ::-----	::REPORT NUMBER 6 ::-----	::REPORT NUMBER 7 ::-----	::REPORT NUMBER 8 ::-----	::REPORT NUMBER 9 ::-----	:: 2006 : :: Average	:: 2005 : :: Average
	:: FEB 01 - 03	:: FEB 06 - 10	:: FEB 13 - 17	:: FEB 20 - 24	:: FEB 27 - 28	:: or Total	:: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.8800 - 1.0450	:: 0.8700 - 0.9925	:: 0.8700 - 0.9925	:: 0.8550 - 0.9600	:: 0.8400 - 0.9300	:: 0.9263	:: 0.9525
-- Mostly	:: 0.9100 - 0.9750	:: 0.8800 - 0.9600	:: 0.8700 - 0.9400	:: 0.8550 - 0.9400	:: 0.8400 - 0.8800	:: 0.9086	:: 0.9362
-- High Heat	:: 1.0350 - 1.0675	:: 0.9825 - 1.0500	:: 0.9800 - 1.0500	:: 0.9475 - 1.0500	:: 0.9200 - 1.0500	:: 1.0145	:: 1.0128
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.8200 - 0.9975	:: 0.8200 - 0.9450	:: 0.8200 - 0.9450	:: 0.8200 - 0.9200	:: 0.8100 - 0.8950	:: 0.8809	:: 0.9343
-- Mostly	:: 0.8500 - 0.9300	:: 0.8400 - 0.9200	:: 0.8400 - 0.8900	:: 0.8400 - 0.8800	:: 0.8300 - 0.8775	:: 0.8707	:: 0.9180
-- High Heat	:: 0.9500 - 1.0300	:: 0.9000 - 1.0100	:: 0.9000 - 1.0000	:: 0.9000 - 0.9600	:: 0.9000 - 0.9300	:: 0.9497	:: 0.9476
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3375 - 0.3700	:: 0.3375 - 0.3750	:: 0.3350 - 0.3750	:: 0.3350 - 0.3750	:: 0.3000 - 0.3675	:: 0.3529	:: 0.2450
-- Mostly	:: 0.3475 - 0.3550	:: 0.3425 - 0.3600	:: 0.3425 - 0.3600	:: 0.3425 - 0.3575	:: 0.3425 - 0.3525	:: 0.3506	:: 0.2425
-- West (f.o.b.)	:: 0.3200 - 0.3675	:: 0.3200 - 0.3850	:: 0.3300 - 0.3700	:: 0.3250 - 0.3800	:: 0.3200 - 0.3750	:: 0.3499	:: 0.2645
-- Mostly	:: 0.3475 - 0.3575	:: 0.3450 - 0.3600	:: 0.3400 - 0.3600	:: 0.3400 - 0.3600	:: 0.3350 - 0.3600	:: 0.3508	:: 0.2634
-- Northeast (f.o.b.)	:: 0.3600 - 0.3675	:: 0.3625 - 0.3675	:: 0.3625 - 0.3750	:: 0.3550 - 0.3750	:: 0.3550 - 0.3750	:: 0.3658	:: 0.2563
-- Southeast (Delvd)	:: 0.3700 - 0.4050	:: 0.3725 - 0.4100	:: 0.3725 - 0.4100	:: 0.3725 - 0.4100	:: 0.3725 - 0.4100	:: 0.3907	:: 0.2763
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.7550 - 0.8150	:: 0.7250 - 0.8050	:: 0.7250 - 0.7850	:: 0.6950 - 0.7550	:: 0.6950 - 0.7450	:: 0.7524	:: 0.7629
-- Mostly	:: 0.7650 - 0.7850	:: 0.7350 - 0.7750	:: 0.7350 - 0.7550	:: 0.7250 - 0.7450	:: 0.7150 - 0.7350	:: 0.7482	:: 0.7509
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.3150 - 0.3375	:: 0.3150 - 0.3425	:: 0.3150 - 0.3425	:: 0.3150 - 0.3425	:: 0.3000 - 0.3400	:: 0.3274	:: 0.2159
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.8300 - 0.9025	:: 0.8300 - 0.8950	:: 0.8200 - 0.8900	:: 0.8200 - 0.8900	:: 0.7900 - 0.8825	:: 0.8568	:: 0.9624
-- West (f.o.b.)	:: 0.7800 - 0.8900	:: 0.8000 - 0.8650	:: 0.7800 - 0.8400	:: 0.7900 - 0.8400	:: 0.7900 - 0.8300	:: 0.8209	:: 0.9259
-- Mostly	:: 0.8000 - 0.8400	:: 0.8000 - 0.8200	:: 0.8000 - 0.8200	:: 0.8000 - 0.8200	:: 0.8000 - 0.8100	:: 0.8111	:: 0.9172
-- Northeast (f.o.b.)	:: 0.9200 - 0.9300	:: 0.9050 - 0.9300	:: 0.9025 - 0.9200	:: 0.8125 - 0.8800	:: 0.8125 - 0.8800	:: 0.8945	:: 0.9355
-- Southeast (Delvd)	:: 0.8700 - 0.9500	:: 0.8700 - 0.9500	:: 0.8700 - 0.9300	:: 0.8525 - 0.8825	:: 0.8525 - 0.8825	:: 0.8939	:: 0.9689
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.3200 - 1.3575	:: 1.3050 - 1.3500	:: 1.3050 - 1.3200	:: 1.3050 - 1.3200	:: 1.3050 - 1.3200	:: 1.3206	:: 1.3207
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2200 - 0.2700	:: 0.2200 - 0.2800	:: 0.2200 - 0.2800	:: 0.2200 - 0.2800	:: 0.2200 - 0.2800	:: 0.2492	:: 0.1828
-- Mostly	:: 0.2300 - 0.2550	:: 0.2300 - 0.2550	:: 0.2300 - 0.2550	:: 0.2300 - 0.2550	:: 0.2300 - 0.2550	:: 0.2425	:: 0.1750
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.1500 - 3.2700	:: 3.1500 - 3.2700	:: 3.1500 - 3.2700	:: 3.1500 - 3.2700	:: 3.1500 - 3.2700	:: 3.2100	:: 3.2211
-- Nonrestricted - Acid	:: 3.0800 - 3.2700	:: 3.0800 - 3.2700	:: 3.0800 - 3.2700	:: 3.0800 - 3.2700	:: 3.0800 - 3.2700	:: 3.1750	:: 3.2342

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR FEBRUARY 2006

COMMODITY	::REPORT NUMBER 5	::REPORT NUMBER 6	::REPORT NUMBER 7	::REPORT NUMBER 8	::REPORT NUMBER 9	:: 2006 *	: 2005 *
	::-----	::-----	::-----	::-----	::-----	:: Monthly	: Monthly
	:: FEB 1 - 3	:: FEB 6 - 10	:: FEB 13 - 17	:: FEB 21 - 24	:: FEB 27 - 28	:: Average	: Average
<hr/>							
BUTTER*							
-- GRADE AA							
--Monday	::	:: 1.2300	:: 1.1950	:: #	:: 1.1575	::	:
--Tuesday	::	:: 1.2250	:: 1.1800	:: 1.1575	:: 1.1750	::	:
--Wednesday	:: 1.2500	:: 1.2200	:: 1.1700	:: 1.1575	::	::	:
--Thursday	:: 1.2500	:: 1.1975	:: 1.1700	:: 1.1575	::	::	:
--Friday	:: 1.2475	:: 1.2000	:: 1.1700	:: 1.1575	::	:: 1.1930	: 1.6145
--Weekly Average**	:: 1.2510	:: 1.2145	:: 1.1770	:: 1.1575	::	::	:
 CHEESE*							
-- BARRELS							
--Monday	::	:: 1.2100	:: 1.1950	:: #	:: 1.1050	::	:
--Tuesday	::	:: 1.2125	:: 1.1875	:: 1.1450	:: 1.1050	::	:
--Wednesday	:: 1.2100	:: 1.2125	:: 1.1875	:: 1.1450	::	::	:
--Thursday	:: 1.2100	:: 1.2125	:: 1.1850	:: 1.1250	::	::	:
--Friday	:: 1.2100	:: 1.2025	:: 1.1450	:: 1.1050	::	:: 1.1742	: 1.4451
--Weekly Average**	:: 1.2100	:: 1.2100	:: 1.1800	:: 1.1300	::	::	:
 -- 40# BLOCKS							
--Monday	::	:: 1.2400	:: 1.2250	:: #	:: 1.1275	::	:
--Tuesday	::	:: 1.2400	:: 1.2100	:: 1.1650	:: 1.1250	::	:
--Wednesday	:: 1.2400	:: 1.2400	:: 1.2100	:: 1.1650	::	::	:
--Thursday	:: 1.2400	:: 1.2400	:: 1.2025	:: 1.1450	::	::	:
--Friday	:: 1.2400	:: 1.2325	:: 1.1650	:: 1.1275	::	:: 1.1989	: 1.4929
--Weekly Average**	:: 1.2395	:: 1.2385	:: 1.2025	:: 1.1506	::	::	:
 NONFAT DRY MILK*							
-- EXTRA GRADE							
--Monday	::	:: 0.8900	:: 0.8900	:: #	:: 0.8900	::	:
--Tuesday	::	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	:
--Wednesday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::	:
--Thursday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::	:
--Friday	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	:: 0.8900	: 0.9325
--Weekly Average**	:: 0.8900	:: 0.8900	:: 0.8900	:: 0.8900	::	::	:
 -- GRADE A							
--Monday	::	:: 0.8875	:: 0.8875	:: #	:: 0.8875	::	:
--Tuesday	::	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8875	::	:
--Wednesday	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8875	::	::	:
--Thursday	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8875	::	::	:
--Friday	:: 0.8875	:: 0.8875	:: 0.8875	:: 0.8875	::	:: 0.8875	: 0.9932
--Weekly Average**	:: 0.8860	:: 0.8875	:: 0.8875	:: 0.8875	::	::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

CME closed for the observance of President's Day.

ANNUAL MILK COWS AND MILK PRODUCTION, 2004 AND 2005

STATE	MILK COWS <u>1/</u>		MILK PER COW <u>2/</u>		MILK PRODUCTION <u>2/</u>		
	2004	2005	2004	2005	2004	2005	CHANGE FROM 2004
	1,000 HEAD		POUNDS		MILLION POUNDS		PERCENT
AL	17	16	14,412	14,000	245	224	-8.6
AK	1.2	1.1	12,167	12,273	14.60	13.50	-7.5
AZ	160	163	22,788	22,957	3,646	3,742	2.6
AR	24	22	13,458	13,500	323	297	-8.0
CA	1,725	1,755	21,139	21,404	36,465	37,564	3.0
CO	102	104	21,412	22,577	2,184	2,348	7.5
CT	20	20	19,600	19,200	392	384	-2.0
DE	7.4	7.4	17,230	17,716	127.5	131.1	2.8
FL	138	137	16,326	16,577	2,253	2,271	0.8
GA	84	81	16,857	17,259	1,416	1,398	-1.3
HI	6.1	5.4	13,197	12,889	80.5	69.6	-13.5
ID	424	455	21,446	22,332	9,093	10,161	11.7
IL	107	104	18,486	18,827	1,978	1,958	-1.0
IN	151	156	20,046	20,295	3,027	3,166	4.6
IA	193	194	19,953	20,722	3,851	4,020	4.4
KS	113	111	19,611	20,505	2,216	2,276	2.7
KY	110	106	12,927	12,934	1,422	1,371	-3.6
LA	38	35	12,605	12,371	479	433	-9.6
ME	34	33	18,000	18,030	612	595	-2.8
MD	74	72	15,703	16,125	1,162	1,161	-0.1
MA	17	17	17,412	17,059	296	290	-2.0
MI	303	311	20,891	21,656	6,330	6,735	6.4
MN	463	453	17,499	18,091	8,102	8,195	1.1
MS	27	25	14,037	15,240	379	381	0.5
MO	122	117	15,139	16,026	1,847	1,875	1.5
MT	18	19	19,333	19,579	348	372	6.9
NE	61	60	17,197	17,950	1,049	1,077	2.7
NV	25	25	20,360	21,680	509	542	6.5
NH	16	16	18,938	18,875	303	302	-0.3
NJ	12	12	16,667	16,000	200	192	-4.0
NM	326	328	20,666	21,192	6,737	6,951	3.2
NY	655	648	17,786	18,639	11,650	12,078	3.7
NC	57	54	17,649	18,611	1,006	1,005	-0.1
ND	34	33	15,471	15,970	526	527	0.2
OH	263	270	17,338	17,567	4,560	4,743	4.0
OK	78	75	16,192	16,480	1,263	1,236	-2.1
OR	120	121	18,917	18,876	2,270	2,284	0.6
PA	562	561	17,904	18,722	10,062	10,503	4.4
RI	1.2	1.0	16,333	18,700	19.6	18.7	-4.6
SC	17	18	16,882	16,111	287	290	1.0
SD	80	81	16,838	17,741	1,347	1,437	6.7
TN	75	70	15,400	15,743	1,155	1,102	-4.6
TX	319	320	18,837	20,131	6,009	6,442	7.2
UT	88	88	18,284	18,875	1,609	1,661	3.2
VT	145	143	17,890	18,469	2,594	2,641	1.8
VA	105	105	16,486	16,990	1,731	1,784	3.1
WA	237	241	22,852	23,270	5,416	5,608	3.5
WV	13	13	14,923	14,923	194	194	---
WI	1,241	1,236	17,796	18,500	22,085	22,866	3.5
WY	4.3	5.0	14,744	14,860	63.4	74.3	17.2
U.S. <u>3/</u>	9,012	9,041	18,967	19,576	170,934	176,989	3.5

1/ Average number during year, excluding heifers not yet fresh. 2/ Excludes milk sucked by calves. 3/ Will not add due to rounding.

SOURCE: "Milk Production," Da 1-1 (2-06), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK
ORDERS, MARCH 2006, WITH COMPARISONS 1/**

For March 2006, the all-city average announced cooperative Class I price was \$16.73 per cwt., \$1.71 higher than the Federal milk order Class I price average for these cities. The March cooperative Class I price was \$.87 lower than the February price, while the Federal order Class I price was \$.89 lower. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.15 in Phoenix, AZ, to \$3.06 in Miami, FL. For March 2005, the all-city average announced cooperative Class I price was \$19.49, \$1.53 higher than the Federal order Class I price average for these cities.

City	March 2006		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	17.68	15.59	2.09
Baltimore, MD	17.29	15.49	1.80
Boston, MA	17.24	15.74	1.50
Charlotte, NC	17.68	15.59	2.09
Chicago, IL	16.83	14.29	2.54
Cincinnati, OH	16.55	14.69	1.86
Cleveland, OH	16.35	14.49	1.86
Dallas, TX	16.84	15.49	1.35
Denver, CO	15.89	15.04	0.85
Des Moines, IA	16.04	14.29	1.75
Detroit, MI	16.14	14.29	1.85
Hartford, CT	17.14	15.64	1.50
Houston, TX	17.44	16.09	1.35
Indianapolis, IN	16.35	14.49	1.86
Kansas City, MO	15.73	14.49	1.24
Louisville, KY	16.78	14.69	2.09
Memphis, TN	17.18	15.29	1.89
Miami, FL	19.85	16.79	3.06
Milwaukee, WI	16.78	14.24	2.54
Minneapolis, MN	16.18	14.19	1.99
New Orleans, LA	17.98	16.09	1.89
Oklahoma City, OK	16.34	15.09	1.25
Omaha, NE	15.79	14.34	1.45
Philadelphia, PA	17.67	15.54	2.13
Phoenix, AZ	14.99	14.84	0.15
Pittsburgh, PA	16.87	14.59	2.28
St. Louis, MO	16.13	14.49	1.64
Seattle, WA	14.81	14.39	0.42
Springfield, MO	15.94	14.69	1.25
Washington, DC	17.29	15.49	1.80
Simple Average	16.73	15.02	1.71

1/ This table contains information obtained from the Class I price announcements sent by the major cooperative in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 2006 was unchanged at 146. Compared with February 2005, the index was up 9 points (6.6 percent). The index of prices received by farmers for dairy products declined 5 points during the month of February 2006 to 106. Compared with February 2005, the index was down 13 points (10.9 percent).

Prices received by farmers in February with changes from January were: for All Milk, \$13.80 per hundredweight (cwt.), down \$.70; Fluid Grade Milk, \$13.80 per cwt., down \$.70; and for Manufacturing Grade Milk, \$12.90 per cwt., down \$1.10.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., FEBRUARY 2006 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	JANUARY		FEBRUARY		FEBRUARY		FEBRUARY		FEBRUARY	
	2006 2/	2005 2/	2006 4/	2005 2/	2006	2005	2006 7/	2005 8/	2006	2005
CA	13.14	14.01	12.10	14.51	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		44.70	47.80	131.00	125.00
ID	13.30	14.70	12.60	14.00			46.70	50.50	115.00	100.00
MI	14.90	16.40	14.40	15.70			50.00	50.00	102.00	97.00
MN	14.80	15.80	14.00	15.90			51.00	54.80	66.00	77.00
NM	13.70	15.70	13.00	14.70			48.40	54.60	123.00	118.00
NY	14.80	16.70	14.20	15.70			---	---	119.00	117.00
PA	16.30	17.90	15.80	16.90			48.50	51.40	136.00	112.00
TX	15.00	17.00	14.50	15.80			46.10	51.20	109.00	73.00
WA	14.40	15.90	13.60	15.20			---	---	114.00	104.00
WI	15.10	16.30	14.30	16.10			49.60	53.40	100.00	85.00
U.S.	14.50	15.90	13.80	15.50			48.50	52.40	95.00	88.20

1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., FEBRUARY 2006 WITH COMPARISON

ITEM	FEBRUARY 2005	JANUARY 2006 1/	FEBRUARY 2006 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	15.50	14.50	13.80
Fluid grade milk	15.50	14.50	13.80
Manufacturing grade milk	14.90	14.00	12.90
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	114	113	113
Prices received by farmers for dairy products	119	111	106
Prices paid by farmers for commodities and services, interest taxes, and wage rates	137	146	146
Prices paid by farmers for production items	134	144	145
Prices paid by farmers for feed	110	120	124
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.50	3.18	2.99

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (2/06), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
NOV. 2005	192.4	2.2	183.5	1.4	188.1	2.8	184.8	0.5	177.1	-7.0	185.8	1.9
DEC. 2005	192.9	2.3	183.2	1.7	189.3	4.3	182.3	0.5	174.6	-6.2	185.7	1.4
JAN. 2006	194.1	2.6	183.7	0.2	186.8	-0.2	183.1	-0.7	186.7	-4.4	185.8	1.3
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	Dollars											
NOVEMBER	3.211	3.219	3.130	3.605	3.945	3.988	4.429	4.164	3.514	3.777		
DECEMBER	3.241	3.233	2.980	3.463	3.915	3.937	4.433	4.099	3.691	3.849		
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005		
JANUARY	3.197	3.304	3.130	3.513	3.938	3.876	4.443	4.210	3.703	3.873		

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—OCTOBER-DECEMBER AND YEAR-TO-DATE 2004-2005 ^{1/}

Item	Oct.-Dec. 2004	Percent change ^{2/}	Oct.-Dec. 2005	Percent change ^{2/}	Jan.-Dec. 2004	Percent change ^{2/}	Jan.-Dec. 2005	Percent change ^{2/}
	Million Pounds							
MILK								
Production	42,041	1.2	43,674	3.9	170,934	0.0	176,989	3.8
Marketings	41,760	1.2	43,395	3.9	169,815	0.0	175,884	3.9
Beginning Commercial Stocks ^{3/}	9,920	-9.8	9,586	-3.4	8,333	-15.8	7,154	-14.1
Imports ^{3/}	1,273	-10.1	1,190	-6.5	5,279	4.7	4,640	-12.1
Total Supply ^{4/}	52,953	-1.4	54,171	2.3	183,427	-0.7	187,678	2.6
Ending Commercial Stocks ^{3/}	7,154	-14.1	7,991	11.7	7,154	-14.1	7,991	11.7
Net Removals ^{3/}	0	-100.0	0	0.0	-64	-105.5	-39	-39.1
Commercial Disappearance ^{4/}	45,799	1.0	46,180	0.8	176,337	0.7	179,726	2.2
SELECTED PRODUCTS ^{5/}								
Butter	421.1	2.3	421.1	0.0	1,355.4	3.3	1,356.9	0.4
American Cheese	1,021.2	8.2	970.2	-5.0	3,805.7	3.7	3,788.7	-0.2
Other Cheese	1,466.2	2.1	1,462.9	-0.2	5,540.6	3.3	5,699.7	3.2
Nonfat Dry Milk	303.2	21.0	249.6	-17.7	1,315.0	43.4	1,258.8	-4.1
Fluid Milk Products ^{6/}	14,083.2	0.0	14,072.2	-0.1	54,575.5	-1.0	54,543.1	0.2

^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds. ^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF FEBRUARY 27 - MARCH 3			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/05	SAME PERIOD LAST YEAR	WEEK ENDING 02/24/06	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	31,817,269	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF FEBRUARY 27 - MARCH 3, 2006 =	0.0	0.0	COMPARABLE PERIOD IN 2005 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2005 =	0.0	0.0	CUMULATIVE SAME PERIOD LAST YEAR =	7.0	370.4
CUMULATIVE JAN. 1 - MARCH 3, 2006 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2005 =	0.0	0.0

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/05 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
CENTRAL	-0-	-0-	-0-	-0-	-0-	1,331,567	-0-	4.2
WEST	-0-	-0-	-0-	-0-	-0-	29,415,099	-0-	92.4
EAST	-0-	-0-	-0-	-0-	-0-	1,070,603	-0-	3.4
TOTAL	-0-	-0-	-0-	-0-	-0-	31,817,269	-0-	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 02/11/06 & Comparable Week 2005

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
2006-Dairy	N.A.	0.5	6.1	2.5	14.1	2.4	0.5	N.A.	14.5	1.6	43.4	310.8
2005-Dairy	N.A.	0.8	6.9	2.6	14.8	3.4	1.1	N.A.	13.0	2.8	46.2	347.3
2006-All cows	N.A.	0.5	7.6	10.2	27.6	14.8	11.0	N.A.	16.2	2.1	93.0	677.1
2005-All cows	N.A.	0.8	8.5	10.9	29.6	10.3	11.8	N.A.	13.8	4.8	93.4	702.2

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA. 1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14
2005	14.14	14.70	14.08	14.61	13.77	13.92	14.35	13.60	14.30	14.35	13.35	13.37

FEDERAL MILK ORDER CLASS PRICES FOR 2006 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	13.38	13.38	12.49									
II	13.25	12.62										
III	13.39	12.20										
IV	12.20	11.10										

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoss/mib/cls_prod_cmp_pr.htm